

AR35



GIBRALTAR MINES LTD.(NPL) ANNUAL REPORT 1970

COVER:
*View from East Zone
orebody looking west to
Power lines, railroad
and Highway 97.*



*Two drills at work on
Granite Lake Ore Zone*

*Rotary drill rig
taking bulk samples*





*Racks of diamond
drill core*

*Diamond drill core
with copper ore*

*Placer Development geologist
logging core*



GIBRALTAR MINES LTD.(NPL)

Vancouver B.C.

GIBRALTAR MINES LTD.(NPL)

STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

For seventeen months ended March 31, 1970

	Balance at October 31, 1968	Expenditures during year ended October 31, 1969	Expenditures for five months March 31, 1970	Balance at end of period
Copper Creek claims, Cariboo Mining District:				
Assay and sampling	\$ 9,948	33,852	70,360	114,160
Camp supplies and field expenses	7,047	11,795	32,938	51,780
Computer costs	-	2,145	4,962	7,107
Consulting and engineering	20,712	-	1,402	22,114
Drilling	270,461	523,834	288,696	1,082,991
Engineering salaries and supplies	8,503	18,291	-	26,794
Field management	18,949	3,500	-	22,449
Field wages and assessments	8,648	1,965	-	10,613
Freight and storage	1,313	1,089	-	2,402
General expenses	792	1,755	12,071	14,618
Geological and engineering	60,963	33,610	38,864	133,437
Geophysical and geochemical	32,910	2,503	4,014	39,427
Legal and administrative	20,808	1,553	12,020	34,381
Road building	-	11,148	10,768	21,916
Staking and recording	6,637	-	-	6,637
Stripping and trenching	3,505	324	-	3,829
Telephone	3,583	871	170	4,624
Travel	16,726	11,968	8,710	37,404
	<u>491,505</u>	<u>660,203</u>	<u>484,975</u>	<u>1,636,683</u>
Less cost recoveries	20,044	5,058	-	25,102
	<u>471,461</u>	<u>655,145</u>	<u>484,975</u>	<u>1,611,581</u>
Cupe claims, Nicola Mining District:				
Geological and engineering	4,561	2,400	-	6,961
General exploration and travel	672	120	-	792
	<u>5,233</u>	<u>2,520</u>	<u>-</u>	<u>7,753</u>
Coast Silver claims, Cariboo Mining District:				
General exploration expenditures	93,278	41,926	-	135,204
	<u>93,278</u>	<u>41,926</u>	<u>-</u>	<u>135,204</u>
Total expenditures on claims	569,972	699,591	484,975	1,754,538

GIBRALTAR MINES LTD.(NPL)

STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

(Continued)

	Balance at October 31, 1968	Expenditures during year ended October 31, 1969	Expenditures for five months March 31, 1970	Balance at end of period
Administration:				
Dues and subscriptions	\$ 911	292	513	1,716
Listing fees	2,200	2,700	-	4,900
Management salaries	18,490	11,425	3,200	33,115
Office, secretarial and general	6,883	1,816	2,179	10,878
Printing and stationery	2,201	2,106	1,128	5,435
Professional fees	28,161	18,486	12,909	59,556
Promotion, public relations and advertising	23,223	5,773	1,831	30,827
Rent and light	5,105	776	360	6,241
Shareholders' information	4,306	5,186	3,701	13,193
Telephone	8,826	4,219	2,047	15,092
Travel	4,618	8,725	5,288	18,631
Wages and assessments	300	4,552	1,893	6,745
	105,224	66,056	35,049	206,329
Less:				
Cost recoveries	12,167	5,315	1,477	18,959
Interest and rental income	16,267	14,417	9,242	39,926
	28,434	19,732	10,719	58,885
Total administration	76,790	46,324	24,330	147,444
	646,762	745,915	509,305	1,901,982
Less expenditures related to Coast Silver claims (Note 4)	98,278	49,426	-	147,704
	\$548,484	696,489	509,305	1,754,278

See accompanying notes to financial statements.

GIBRALTAR MINES LTD.(NPL)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For seventeen months ended March 31, 1970

(With comparative figures for twelve months ended October 31, 1968)

	1970	1968
Source of funds:		
Sale of shares	\$560,000	\$108,800
Sale of shares of subsidiary company (Note 1)	2,000	-
Sale of investment	-	10,000
	<u>562,000</u>	<u>118,800</u>
Application of funds:		
Option payments on mineral claims (Note 1)	9,000	10,000
Purchase of equipment	1,066	-
Exploration and development expenditures	210,724	83,471
Administration expenditures	70,654	18,779
Organization costs	-	250
	<u>291,444</u>	<u>112,500</u>
Increase in working capital	270,556	6,300
Working capital deficiency at beginning of period	883	7,183
Working capital (deficiency) at end of period	<u>\$269,673</u>	<u>(883)</u>

See accompanying notes to financial statements

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Gibraltar Mines Ltd. (N.P.L.) as of March 31, 1970 and the statements of deferred exploration and development expenditures and source and application of funds for the seventeen months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company at March 31, 1970 and the results of its operations and the source and application of its funds for the seventeen months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

The figures at October 31, 1968 and for the year ended on that date relating to the balance sheet and statements of deferred exploration and development expenditures and source and application of funds respectively are provided for comparative purposes. As we were not the auditors of the company for the year ended October 31, 1968, we are not in a position to express an opinion on these figures.

Vancouver, British Columbia
April 22, 1970

"PEAT, MARWICK, MITCHELL & CO."
Chartered Accountants

GIBRALTAR MINES LTD.(NPL)

NOTES TO FINANCIAL STATEMENTS

March 31, 1970

1. Mineral claims:

Mineral claims are recorded in the balance sheet at \$349,877 made up as follows:

Copper Creek group, Cariboo Mining District:

Option payments	\$ 38,000
Net cost of acquisition of option rights	236,877
	<hr/> 274,877

Cupe Group, Nicola Mining District:

Issue of 750,000 shares	75,000
	<hr/> \$ 349,877

By an option agreement assigned to it by a former subsidiary, the company acquired the Copper Creek group for \$1,000,000 payable in instalments of \$6,000 each year until production commences, after which a royalty of ten cents per ton of mill feed ore mined or removed will be paid until the balance is extinguished. Payments to March 31, 1970 amounted to \$38,000. During the period the company sold the shares in its subsidiary for \$2,000 which has been deducted from the cost of acquisition of the option rights.

2. Canex agreement:

Exploration work is being carried out on the Copper Creek property by Canadian Exploration Limited (Canex) under the terms of a Letter of Intent which will be incorporated in a formal agreement now being prepared. The main terms of the agreement are:

- (a) Canex will, subject to giving notice at various dates of intention to proceed, make expenditures of \$1,500,000 on the property by September 1, 1970. In exchange, Canex will earn 400,000 shares of Gibraltar.
- (b) If Canex has spent \$1,500,000 by September 1, 1970 and if it has caused a feasibility study to be prepared, and if it has undertaken to spend additional sums so that the aggregate expenditures on the property amount to \$2,500,000, then as full consideration therefor, the company will issue to Canex sufficient additional shares to give it 41% of the issued share capital.
- (c) If Canex advances or procures the funds necessary to bring the property into production, then upon the property being placed in production, the company will issue sufficient additional shares to raise Canex's interest in the issued capital of the company to 51%.
- (d) Canex has an interest in an adjacent group of claims known as the Pollyanna group, and the agreement contains provisions for the commingling of the Pollyanna and Copper Creek claims, the issue of further shares to Canex based on a valuation of claims and the joint property being put into production.
- (e) Canex acquires exclusive management and control of the claims.
- (f) Canex may assign one-half of its rights and interests in the agreement to Duval Corporation or its parent or subsidiary.

GIBRALTAR MINES LTD.(NPL)

NOTES TO FINANCIAL STATEMENTS Cont.

Canex had spent \$973,842 to March 31, 1970, and in exchange therefor is to be issued 100,000 shares at an ascribed value of \$3 each, 100,000 shares at an ascribed value of \$3.50 each, and 80,960 shares at an ascribed value of \$4.00 each.

The expenditures by Canex during the period were as follows:

Assay and sampling	\$ 99,887
Camp supplies and field expenses	40,552
Computer costs	7,107
Drilling	680,825
General expenses	13,996
Geological and engineering	71,816
Geophysical and geochemical	6,517
Legal and administrative	13,573
Road building	21,916
Telephone	827
Travel	16,826
	<u>\$973,842</u>

3. Capital stock:

During the period the company increased its authorized capital to 7,500,000 common shares of 50 cents par value each. Particulars of shares issued are:

<u>Consideration</u>	<u>Number of shares</u>	<u>Par value</u>	<u>Discounts (Premiums)</u>	<u>Net</u>
Issued to October 31, 1968:				
Cash	1,597,142	\$ 798,571	319,632	478,939
Mineral claims	1,227,755	613,877	300,000	313,877
Exploration	101,297	50,649	(178,242)	228,891
	<u>2,926,194</u>	<u>1,463,097</u>	<u>441,390</u>	<u>1,021,707</u>
Issued during period:				
Cash	800,000	400,000	(160,000)	560,000
	<u>3,726,194</u>	<u>\$1,863,097</u>	<u>281,390</u>	<u>1,581,707</u>

4. Coast Silver claims:

Arising from the negotiations with Canex (Note 2) Canex and Duval Corporation assumed the company's exploration rights in the Coast Silver claims. The company's expenditures on these claims have been written off in the accounts but, pursuant to an agreement between the company, Coast Silver Mines Ltd. (N.P.L.), and Canex and Duval Corporation, the company will receive \$125,000 out of any production from the Coast Silver claims after repayment of advances required to bring the property into production.

5. Commitments:

During the term of the Canex agreement the company is committed to keep the Copper Creek option agreement (Note 1) in good standing.

6. Directors' remuneration:

Management salaries paid to directors amounted to \$18,125 during the period.



*Canadian Longyear
drillers camp for
Granite Lake Zone*

*Canadian Longyear
camp for East Zone*

*Canex camp
and snowmobile*



View of Canex camp

*View from core shed area
looking towards
West Zone orebody.*

